



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Friday Evening, November 07, 2008

Electricity

Luminant Plans Restart of 793 MW Martin Lake Coal-fired Unit 2 in Texas November 7

A switchyard breaker trip shut the unit on November 6, according to a filing with state regulators. The company expected to return the unit to service today, November 7.

Reuters, 08:02 November 7, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=116352>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=116351>

Update: OPG's 494 MW Lambton Coal-fired Unit 1 in Ontario Returns to Service by November 7

The unit went offline by November 3.

Reuters, 08:09 November 7, 2008

Great Basin Transmission Announces Open Season for Transmission Rights along 500 kV, Idaho-Nevada Southwest Intertie Project

Great Basin Transmission announced an Open Season to receive proposals for the purchase of long-term point-to-point transmission rights along the planned Southwest Intertie Project (SWIP). The 500 kV SWIP line would stretch 500 miles, above-ground, between Idaho and Southern Nevada. The open season will offer as much as 1,850 MW of north-to-south transmission capacity and 1,850 MW of south-to-north transmission capacity. Construction along the project's first phase, exclusively in Nevada, is expected to begin in 2009, and the line could begin commercial operation as early as 2010. The next phase, reaching to southern Idaho, could open as soon as 2011.

<http://www.swipos.com/News/11-06-08.pdf>

Blizzard Cuts Power to More than 22,000 Customers in Nebraska, South Dakota, North Dakota—South Dakota Governor Declares State of Emergency

Heavy snow and winds blasted Nebraska, South Dakota, and North Dakota, cutting power to an estimated 22,550 customers November 6-7. The South Dakota Rural Electric Association said eight cooperatives had reported outages and system damage. South Dakota's governor expected some customers to be without electricity for multiple days. Included in the South Dakota outages were 7,000 Black Hills Power customers, about 4,300 Lacreek Electric Association customers, about 1,300 Grand Electric Cooperative customers in South Dakota, and an estimated 750 Butte Electric customers. In North Dakota, the storm cut electricity to approximately 4,500 Nodak Electric Cooperative customers, several hundred Otter Tail Power customers, and at least 200 Mor Gran Sioux Rural Electric Cooperative customers. In Nebraska, 4,500 NPPD customers lost power.

<http://ap.google.com/article/ALeqM5gudBnWr4taA9LEMITo1PJ2kLFvKQD94A499G3>

<http://www.kxmb.com/News/295121.asp>

<http://www.kxmc.com/News/295088.asp>

<http://www.kxmc.com/News/295170.asp>

<http://www.timesoftheinternet.com/17729.html>

<http://www.rapidcityjournal.com/articles/2008/11/07/news/top/doc491396cbda327000381548.txt>

<http://www.nebraska.tv/Global/story.asp?S=9308626>

<http://www.nppd.com/StormCenter/default/default.aspx>

<http://www.ksfy.com/news/local/34068484.html>

<http://www.msnbc.msn.com/id/27575441/>

Shell Restarts FCC at 329,800 b/d Deer Park, Texas Refinery by November 7

Shell restarted a gasoline-producing fluid catalytic cracking unit (FCC) at its Deer Park, Texas refinery, a company spokeswoman said November 7. The unit sustained an upset November 5, related to a hydrocarbon release, according to the spokeswoman. She said the unit should return to normal rates by the weekend.

Reuters, 11:28 November 7, 2008

Bloomberg News, 08:29 November 7, 2008

Compressor Malfunction at 150,000 b/d Torrance, California Refinery November 7

An equipment issue triggered flaring, according to a filing, but a spokeswoman said the incident did not impact production. She did not specify the affected compressor.

Reuters, 12:09 November 7, 2008

Reuters, 12:38 November 7, 2008

Delek Postpones Expansion of 60,000 b/d Tyler, Texas Refinery to Late 2009

Citing "current market conditions," among other reasons, Delek postponed its plans to upgrade its Tyler, Texas refinery. The expansion would enable the facility to more-efficiently process cheaper sour crude. It is at least the second time Delek has delayed the project.

Bloomberg News, 18:21 November 6, 2008

Update: Valero's 275,000 b/d Aruba Refinery Resumes Planned Rates after Hurricane Omar

Hurricane Omar caused a power failure on October 15, and forced the refinery to operate at reduced rates. The facility is back at planned rates, a company spokesman said November 7.

Bloomberg News, 12:23 November 7, 2008

Update: Oil Throughput along BTC Pipeline to Resume Near-Normal Levels in December

Deliveries along the Baku-Tbilisi-Ceyhan (BTC) pipeline are scheduled to average 780,645 b/d in December, after a fire in August and a gas leak in September slowed throughput to as little as 300,000 b/d. In June, the line exported about 850,000 b/d.

Bloomberg News, 09:22 November 7, 2008

Update: Kirkuk-Ceyhan Oil Pipeline Resumes Throughput by November 7

The Kirkuk, Iraq to Ceyhan, Turkey oil pipeline has resumed deliveries after a November 5 explosion forced it offline, said a source at Turkey's pipeline company, Botas. The pipeline is operating at a rate of about 300,000 b/d to 350,000 b/d, he said. Prior to the incident, the pipeline had been moving crude at a rate of about 550,000 b/d. Even though the pipeline had resumed some shipments, repairs are continuing and were expected to take three days to complete. An abrupt pressure change caused the November 5 explosion, a Turkish official said.

Reuters, 10:22 November 7, 2008

Reuters, 07:15 November 6, 2008

Reuters, 10:41 November 7, 2008

Bloomberg News, 02:39 November 7, 2008

Iraqi Oil Output Increases by 130,000 b/d in October—Ministry of Oil

Iraq's crude output totaled 2.407 million b/d in October, up 130,000 b/d from September, the Iraqi ministry of oil reported. Despite the jump, the figure was still below the August 2008 post-war record of 2.538 million b/d.

<http://www.platts.com/Oil/News/8157429.xml?p=Oil/News&sub=Oil>

Iran Slows Oil Production by 200,000 b/d, in Compliance with OPEC Quota

Iran reduced its oil output from 4.04 million b/d to 3.84 million b/d, in accordance with OPEC's October 24 decision to lower its production ceiling by 1.5 million b/d, an Iranian official said. Despite the cutback, the official said Iran expected to boost crude output capacity to 5.0 million b/d by the end of 2010, an 800,000 b/d jump from the current 4.2 million b/d.

Reuters, 06:27 November 7, 2008

Sudan Plans 600,000 b/d Oil Output in 2009, up from 500,000 b/d in 2008—Mining and Energy Minister

The official did not specify how the nation planned to achieve the 20 percent boost.
Reuters, 04:40 November 7, 2008

Mexico May be Net Oil Importer by 2016—Petroleum Intelligence Weekly

The United States' third-largest oil provider could be a net oil importer by 2016, Petroleum Intelligence Weekly reported, thanks to faltering output and reserves. Mexico's energy ministry has said that, without significant reform, oil exports will dwindle from the current 1.4 million b/d to 289,000 b/d by 2016. Analysts, however, say that the country could be a net oil importer by that time.

<http://www.energyintel.com/#latest>

Update: Economic Downturn, Lagging Energy Prices Causes Delays, Cancellations in Global Oil Projects

According to various news reports, a number of projects have been canceled or delayed. All told, a trade group estimated Canadian oil-sands developers are slashing investment plans by 20 percent. Among the affected projects are: Canadian Natural Resources decreased spending on the second phase of its Horizon oil sands project in Canada, and cut timelines for its phase 2, which would have raised output from 110,000 b/d to 250,000 b/d. Shell postponed a decision to expand its Athabasca oil sands project. Suncor Energy set back construction of an oil sands upgrader at its oil sands facility.

Reuters, 17:05 November 6, 2008

Bloomberg News, 12:51 November 7, 2008

<http://www.globeinvestor.com/servlet/story/GAM.20081107.ROILSANDS07/GISStory/>

Natural Gas

Update: Cheniere Energy Eyes Third Quarter, 2009 Completion Date for Expansion of Sabine Pass LNG Terminal in Louisiana

Cheniere Energy said its Sabine Pass expansion project is 84 percent complete, and the company expects to finish the upgrade by the third quarter of 2009. The terminal has an import capacity of 2.6 Bcf/d of liquefied natural gas (LNG), and the expansion will boost that total by 1.4 Bcf/d. Hurricane Ike caused some damage to temporary facilities and construction materials, but the project remains on target, Cheniere said.

Reuters, 11:05 November 7, 2008

CPUC Approves PG&E Plan to Receive Rocky Mountain Natural Gas from El Paso's Planned Ruby Pipeline

The California Public Utilities Commission (CPUC) approved PG&E's plan to receive natural gas in California from the planned Ruby Pipeline. Under the deal, PG&E would receive 375 MMcf/d of gas for 15 years, starting in 2011, or when the pipeline opens. Construction is expected to start in 2010, and the deal with PG&E suggests it should be online in 2011. The 42-inch line will deliver 1.3-to-1.5 Bcf/d of Rocky Mountain natural gas from Wyoming to Oregon.

<http://www.reuters.com/article/marketsNews/idUSN0740287820081107>

Secure Energy Plans 20 Bcf/Year Gasification Plant in Illinois

The facility will convert about 1.4 million tons of high-sulfur Illinois coal into more than 20 billion cubic feet of natural gas per year. Secure Energy entered into an agreement with Natural Gas Pipeline Company of America (NGPL) to ship up to 67,000 MMBtu/d of gas through the NGPL pipeline beginning in August, 2011. Secure Energy will build a 14-mile pipeline to link with the NGPL line.

http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind_focus.story&STORY=/www/story/11-06-2008/0004919950&EDATE=THU+Nov+06+2008,+11:35+AM

Update: Marcellus Shale Region Could Contain 363 Tcf of Natural Gas—Geosciences Expert

The Marcellus Shale region could hold 363 trillion cubic feet of natural gas, or seven times previous estimates, said a professor of geosciences in Penn State's College of Earth and Mineral Sciences.

http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind_focus.story&STORY=/www/story/11-06-2008/0004920070&EDATE=THU+Nov+06+2008,+01:47+PM

Other News

DOE to Tell Congress it Needs to Expand Yucca Mountain Nuclear Waste Location, or Build New Site

A Department of Energy (DOE) official said the United States needs to expand the proposed Yucca Mountain, Nevada nuclear waste facility, or find an additional site to store nuclear waste. Congress imposed a 77,000-ton limit on nuclear waste at Yucca Mountain, but Edward Sproat, DOE's head of civilian nuclear waste program, said nuclear waste would exceed that total within two years. DOE will send a report to Congress in the weeks to come, Sproat said.

http://ap.google.com/article/ALeqM5gM9SQa98idlhqZD0eT6fkRW5B_2wD949SMG80

Range Fuels Postpones Cellulosic Ethanol Plant in Georgia to Late 2009 from End of 2008

The facility was scheduled to produce about 20 million gallons this year, and expand to 120 million gallons by 2009's end.

Bloomberg News, 18:23 November 6, 2008

Virginia Coal and Energy Commission Approves Uranium Mining Study

The Virginia Coal and Energy Commission unanimously approved a study to examine the effects of uranium mining in a Southside Virginia mine. Virginia has maintained a moratorium on uranium mining since 1981, but renewed interest in nuclear power has prompted the call for a study. The United States consumes 65 million pounds of uranium ore per year, but only 4.7 million pounds are produced domestically, the president of the associated mining company said. The mine-in-question holds 119 million pounds. The study—a joint effort of the Virginia Center for Coal and Energy Research at Virginia Tech and the National Academy of Sciences—is expected to take 18 months to two years.

<http://www.forbes.com/feeds/ap/2008/11/06/ap5660931.html>

Energy Prices

| U.S. Oil and Gas Prices November 7, 2008 | | | |
|--|-------|----------|----------|
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 61.31 | 64.30 | 95.00 |
| NATURAL GAS Henry Hub \$/Million Btu | 7.04 | 6.75 | 7.42 |

Source: Reuters

Energy Notes

Update: County Planning and Zoning Commission Votes Against Rezoning Idaho Farmland at Proposed Location for Alternative Energy Holdings Planned 1,600 MW Nuclear Power Plant

<http://www.kivitv.com/Global/story.asp?S=9305133>

Drills Ongoing at FPL's Seabrook Nuclear Power Plant in Massachusetts to Determine Readiness for Emergencies

http://www.newburyportnews.com/punews/local_story_310221521.html

Goal for Renewable Power to Account for One-Third of Electricity Deliveries by 2020 In California Could Cost State \$60 Billion—CPUC Report

Reuters, 21:57 November 6, 2008

Entergy to Enhance Surveillance Systems, Communications, Add Staffs, Help Train Locals at 2,311 MW Indian Point Nuclear Power Plant

http://www.midhudsonnews.com/News/November08/06/IP_SIE-06Nov08.html

NACEL Energy Plans 30 MW Blue Creek Wind Energy Project in Texas

<http://www.nacelenergy.com/news/index.html>

Flaring at Valero's 289,000 b/d Port Arthur, Texas Refinery November 6

Bloomberg News, 12:30 November 7, 2008

Colorado Interstate Gas Seeks FERC Permission to Begin Service Later in November along Colorado Front Range Natural Gas System

<http://intelligencepress.com/>

OMV Postpones Full Production at Planned 35,000 b/d Maari Oilfield in New Zealand until Second Quarter, 2009—Initial Plans Called for March or April, 2008 Start Date

Reuters, 05:43 November 7, 2008

StatoilHydro Shutting 14,000 b/d Statfjord Nord Oilfield for Unplanned Work—Production to Remain Down Until Third Quarter of 2009

http://www.rigzone.com/news/article.asp?a_id=69033

TNK-BP Plans Approximately 10,000 b/d Boost in 2009 at 30,500 b/d Uvat Oilfields in Western Siberia

<http://www.platts.com/Oil/News/8152964.xml?p=Oil/News&sub=Oil>

Wind Forces Berthing Disruption at Sullom Voe Oil Terminal in North Sea November 7

Bloomberg News, 05:02 November 7, 2008

Brazilian Subsalt Oil Reserves Could Contain More than 100 Billion Boe—Head of Brazil's National Petroleum Agency

Reuters, 11:16 November 7, 2008

Shell to Begin Drilling Deepwater, Sub-Salt Oil Areas at End of 2009 in Epitonio Field, Brazil

Bloomberg News, 05:59 November 7, 2008

Gunmen Assault Chevron's Robert-Kiri Flow Station in Nigeria November 6—No Impact to Facility, Military Says

Reuters, 07:04 November 7, 2008

Gunmen Working with Oil Thieves Kill Civilian in Fight with Nigerian Security Forces

Reuters, 15:24 November 6, 2008

Shell May Send up to 200 Foreign Workers to Iraq as Part of Natural Gas Processing Deal, News Reports

<http://www.bloomberg.com/apps/news?pid=20601102&sid=aq2o7ZDgASsk&refer=uk>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

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<http://www.oe.netl.doe.gov/ead.aspx>

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